

AGENTS ANSWERS

Inland Revenue's tax agents' update



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REMINDERS

We have several planning calendars to help you meet your obligations. Remember that if a due date falls on a weekend or public holiday, we can receive your return and payment on the next working day without a penalty being applied. But for provincial anniversary dates, this only applies if you're in the province celebrating the holiday, and only if you usually make tax payments over-the-counter at Westpac.

Final business transformation changes coming

The final release of our Business Transformation programme will go live as planned in late October.

As with previous releases, we are migrating our systems over a public holiday to reduce the number of business days that we need to be closed. We will close at 3pm on Thursday 21 October and will reopen on the morning of Thursday 28 October.

We understand with our system shut down that businesses may struggle to file and pay GST and provisional tax by 28 October. Ministers have agreed (dependent on passing an Order in Council) that businesses and individuals will now have until 4 November to file and pay.

If you or your clients would like to file before we upgrade our services, you can do that before 21 October. Or you can have a look at the changes that are coming up at ird.govt.nz/changes-intermediaries, and file once our services come online again.

Ways we can help if COVID-19 has impacted your or your clients' ability to pay

These include

- setting up an instalment arrangement in myIR to pay off the tax over time. If COVID has impacted you or your clients' ability to file or pay, please let us know as soon as you can as they will not be charged penalties and interest as long as they keep to the terms of the arrangement to pay off the outstanding tax. This can be set up before we close down our systems for the release, or from 28 October.
- sending us a note in myIR to explain the situation and we will take that into consideration.

Our key services will be unavailable

myIR secure online services and Gateway Services will be unavailable and our phone lines and offices will be closed from 3pm Thursday 21 October until the morning of Thursday 28 October.

If you have a direct debit or automatic payment set up with your bank to process whilst we're shut down, this will be processed once we reopen on 28 October. The effective date will be the date you've requested the payment to be made, not the processing date.

All drafts, such as returns and secure mail, will be deleted during the upgrade process. If you have saved any drafts in myIR, make sure you finish them before 3pm on Thursday 21 October, so you do not lose them.

Employment Information (EI) returns for payday filing that are due over the closure can be filed early if you're able to. The days during the temporary shutdown won't count as working days for filing periods. Filing can be completed up to 3pm on Thursday 21 October and can be resumed from the start of business on Thursday 28 October.

For more information on the service closure visit ird.govt.nz/service-update

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Changes coming to myIR

A reminder of some of the changes planned to go live in myIR on 28 October:

- New **account panels** will clearly display the 'total' and 'due now' balances, along with relevant quick links to common tasks such as making a payment or filing a return.
- The 'Tax preparer' tab will be upgraded to a new '**Intermediary centre**'. This will allow you to perform intermediary functions from any level (eg account or customer) in myIR.
- Workspace is being removed but there will be new functionality such as a **favourites** list and improved search options to access clients easily.
- **Name-based search** – we've listened to your feedback - you'll be able to search using the names, IRD numbers or customer identifiers of all clients you're authorised to access.
- **Correspondence** – subscriptions will now include return, payment and other account alerts and will be capped at 1,250 accounts. If you have 1,250 or under, we don't require you to do anything, we'll move them across for you. If you have over 1,250 subscriptions, you should have already been contacted about your options. If this is not the case, please contact your account manager.
- Child support deduction notices along with s157 and s154 **deduction notices will be sent electronically** to customers and their employers (following mail redirect where applicable).

Other changes planned to go live on 28 October

- The way we manage payroll Employee/Employer relationships will change. If you or your client haven't included an employee in your Employment Information and they have no cease date, or they continually show as having nil earnings, the relationship will be ceased after 3 months. In some circumstances the employee's details will need to be provided again if they return to work for you. For more information visit **ird.govt.nz/changes-businesses**
- If you or any of your clients has an employee who becomes liable for child support payments, we'll contact you/ them with the information needed to make these deductions on their behalf.
- If any of your clients are still using the 'file upload' option to manage payroll in myIR, they need to ensure their file format is updated to payday filing Version 2. If they're filing through software, all commercial software providers now have the Version 2 option, however they may still want to check that they're using the right version to file. If they're filing through paper or myIR 'on screen' then they're already using Version 2. Amendments to Employment Information need to be made using the same version as the original file.
- Audit correspondence will now be saved in myIR. Some audit letters dating back to February 2017 will be visible to Owner and Administrator logons. We have contacted affected clients directly with instructions on how to downgrade a logon to a Restricted administrator if they don't wish for the letters to be seen by Administrator logons.

More information

More information about the upcoming changes, including detailed webinars, can be found at **ird.govt.nz/changes-intermediaries**

April 2021 tax rate changes – new RWT rate available

From 1 April 2021 a new top tax rate of 39% was introduced for individuals who earn over \$180,000 in a year. Payers of interest, such as banks and other financial institutions had until 1 October 2021 to have this rate available for their customers to use.

Now that the 1 October implementation date has passed, please remind any of your clients who earn over \$180,000 to update their RWT deduction rate with their bank or other interest income provider. Most banks enable customers to self-select the appropriate rate through their online banking portal, so customers should check that option first before contacting their bank.

You may wish to advise relevant clients that the change in rate may result in a year-end tax liability in the 2021-2022 tax year for RWT being under deducted from their interest income up until the date they changed the rate.

Note that Inland Revenue cannot update the RWT deduction rate for customers. They need to opt into the higher rate through their investment provider.

Covid 19 information

You can find information on the IR website about assistance that is available for your clients affected by Covid-19:

ird.govt.nz/covid-19

ird.govt.nz/roles/tax-agents/covid-19

ird.govt.nz/covid-19/manage-my-tax/penalties-and-interest

Tax technical items

We've recently published these items:

QB 21/10 If I run a hotel, motel or boarding house and live on site, what expenditure can I claim?

This QWBA provides guidance on the deductibility of expenses commonly incurred by hotel, motel and boarding house proprietors who live onsite particularly where the expenses have both a business and private character.

OS 21/03 Excusing estates from filing income tax returns

This operational statement sets out a change in the Commissioner's approach to applying the income tax return filing exemption in s 43B of the Tax Administration Act 1994 to estates.

You can find these items on our website **taxtechnical.ird.govt.nz** Enter the number in the search box, QB 21/10.



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